tendency was for the lower house to slash the budget extensively. When the budget came to the Senate, with the estimates prepared by the executive department and the bill as approved by the House of Representatives, it was customary for the upper house to arbitrate the differences between the executive and the lower house and to strike a happy medium.

The statement has often been made that the Philippine budget has always been balanced.[3] This was not literally true. For instance, a consolidated statement of the Insular Auditor of operation of the general, special, and bond funds of the Central Government shows a minus difference between income and expenditures, or more boldly announced a deficit, of 6,i67,i3Opesosand96centavos ($37083,565.48) in 19305 a deficit of 8,858,642 pesos and 4 centavos ($4,429,-321.02) in 1931, and a deficit of 4,980,114 pesos and 97 centavos ($2,490,057.48) in 1932. On the other hand, in 1933 the Government had a small surplus of 490,903 pesos and 95 centavos ($245,451.97) and in 1934 a comfortable surplus of 7,955,162 pesos and 23 centavos ($3,977,581.11). The figures will again show a balanced budget in 1935, the last year of American control, and should likewise in 1936, the first year of Filipino control. Few governments there are

[3] The offices of the Insular Auditor and the Department of Finance hold somewhat different opinions on whether or not the budget has been balanced. A varying use of accounting terms may be the reason for these conflicting opinions. The text reflects to a certain extent the views of Insular Auditor Jones. Under Secretary Carmona states: "The Philippine Budget has always been balanced, that is, the current expenditures for a given year chargeable against the general fund never exceed the income for said year. The fact that the

statement of the Insular Auditor for a year shows a minus difference between income and expenditures does not mean that the budget is not balanced. Such minus difference or deficit may be due to the following causes: (a) Amounts authorized for preceding year were actually expended for succeeding year; (b) Accumulated surplus of preceding years were intentionally appropriated for non-recurring expenditures to the advantage of the Government. For instance, when at the end of the year 1929 we found that we had a great surplus, we appropriated said surplus to redeem before maturity the Manila Port Works bonds in the sum of 12,000,000 pesos earning an interest of 5^ per cent. Naturally the expenditures for 1931 in which year the payment of said bonds was made exceeded the income for that year."